

[Date]

[Borrower Name]

[Co-Borrower Name]

[Mailing Address]

[City, State, Zip Code]

Re: Notice of Escrow Shortage and Advance of Funds

Loan Number: [Loan Number]

Property Address: [Property Address]

Dear [Borrower Name],

We are writing to inform you that following the recent closing of your mortgage loan, a review of your escrow account indicates that there were insufficient funds to cover the required initial disbursements for [Tax/Insurance/specify item].

To ensure your [taxes/insurance premiums] were paid on time and to prevent any lapse in coverage or tax penalties, [Lender/Service Name] has advanced the necessary funds on your behalf. The details of this advance are as follows:

- **Required Amount:** \$[Amount]
- **Available Escrow Balance:** \$[Amount]
- **Total Amount Advanced:** \$[Amount]

As a result of this advance, your escrow account currently has a negative balance. To resolve this shortage, please choose one of the following options:

Option 1: Full Payment

Remit a one-time payment of \$[Amount] by [Date] to bring your account current.

Option 2: Monthly Installments

Spread the shortage amount over the next [Number] months. This will increase your monthly mortgage payment by \$[Amount], effective [Date].

Please contact our Escrow Department at [Phone Number] or [Email Address] by [Date] to confirm your preferred repayment method. If we do not hear from you, we will automatically apply Option 2 to your account.

Thank you for your prompt attention to this matter.

Sincerely,

[Name/Department]

[Lender/Service Name]